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May 6, 1994

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

JILL A. STERN  
(202) 663-8380

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

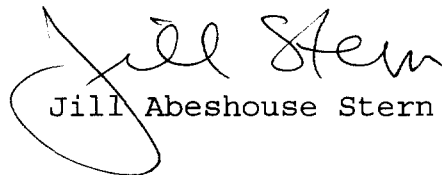
Re: CC Docket No. 92-166

Dear Mr. Caton:

Enclosed is a letter from Barclays de Zoete Wedd Limited for association with the May 5, 1994 comments of Ellipsat Corporation in the above-referenced proceeding. A facsimile of the letter was filed on May 5 as Exhibit A to the comments.

Should there be any questions concerning this matter, kindly communicate with the undersigned.

Sincerely,

  
Jill Abeshouse Stern

JAS:pad

Enclosures

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BARCLAYS de ZOETE WEDD LIMITED

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MAY - 6 1994  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

May 3, 1994

Mr William A Caton  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Washington, DC 20554

**Re: Notice of Proposed Rulemaking  
CC Docket No 92-166**

Dear Mr Caton

We are aware of the complexities and challenges facing the FCC's proactive stand on the authorisation of new and innovative global telecommunications services and your efforts to license low-earth orbiting satellite systems. As you establish the rules and policies for the Big LEOs, we would like to present our perspective on the proposed financial qualification standards and hope that these views will be of assistance.

Barclays is one of the world's largest diversified banking and financial services group with representation in over 70 countries. Barclays de Zoete Wedd (BZW) is the investment banking arm of the Barclays Group. BZW acts as financial advisor to Mobile Communication Holding, Inc (MCHI), the holding company for Ellipsat Corporation. BZW has assisted MCHI in developing a business plan and more importantly on advising MCHI on the identification and selection of strategic, technical and financial partners from around the globe.

Based on our experience, the financial standards proposed in the FCC's February 18, 1994 Notice of Proposed Rulemaking do not reflect the rigor of responsive decision-making with respect to financial allocations or commitments for this type of project. Nor do the proposed standards recognise that the true determinant of success is in the marketplace, ie that the market will make judgement on the basis of the strength of the underlying business plan. To elaborate:

- Financial commitments are made periodically after continual assessments of the progress of the project. Corporate sponsors are obliged to do this in response to competing demands on their resources and their obligation to make allocations that best serve their shareholders.





- The above is particularly true for new and emerging technologies, such as Big LEOs, where there is little historical evidence of manifest demand and where technical challenges will emerge as the program develops and reaches its operational phase.
- Corporates and the capital markets will commit funds at various stages during the project's development, in different forms, once again based on the continual assessment of the project's milestones and as its risk profile changes over the build phase. We believe the market place recognises the sustainable advantages unique to an applicant, such as technology deployed, marketing strategy, and feature-price advantage, and best determines the survivors and the also-rans.
- Ellipsat's business plan and system design offers unique advantages. Its flexibility and progressive deployment strategy significantly improves the timing of the financial exposure of corporate sponsors and financial investors. This enhances Ellipsat's ability to implement the proposed system.
- We should also note that the strength of the balance sheet of a company, in this case based on the company's other lines of business, should not be construed as evidence of financial viability of the company's Big LEO venture unless the necessary funds are irrevocably committed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Trevor Nash', enclosed within a large, stylized arrow shape pointing to the right.

Trevor Nash  
Director